



Session 10

Direct Loans and the Master Promissory Note

Beyond the First Year





MPN: 2000-01

- No change to DL MPN
- Separate MPNs for FFEL and Direct Loans
- MPN and PLUS note approved by OMB with new expiration date of 08/31/2002





November 1, 1999 Regulations

Include requirements for:

- School eligibility to use one MPN for multiple loans
- Developing/documenting confirmation process

Regulations effective July 1, 2000 (Multi-year use OK before July 1)





November 1, 1999 Regulations

School eligibility

- You're eligible if you -
 - Offer a master's/doctoral, first professional or bachelor's degree

and

- Have not been notified by ED of emergency or LS&T action
- No written authorization from ED required
- LOC will allow only eligible schools to use MPN for multiple loans



November 1, 1999 Regulations Confirmation

- Multi-year schools must -
 - Develop/document confirmation process
 - Follow ED guidelines
- For now, follow guidance in GEN-98-25 which covers both active and passive confirmation
- School determined process
- Can be part of -- or can supplement -existing required notices/disclosures

Confirmation

Either Active or Passive Confirmation is OK for 2000-2001

- Active Confirmation examples:
 - Signed award letter
 - Documentation of electronic confirmation by use of mechanism such as PIN
- Passive Confirmation examples:
 - Award letter (no signature required)
 - Disclosure statement





Using the MPN: 2000-01

- All DL schools using same MPN
- Eligible schools may use MPN for multiple loans for some/all students
- At non-multi-year schools, students sign new notes each year
- Disclosure provided by school or LOC





Using the MPN: 2000-01

- Eligible schools may disburse 2000-01 loans without new note if LOC has valid MPN
- MPN is valid even if -
 - Signed by borrower for 1999-00 loan
 - Signed while borrower attended a single-year school
- Multi-year schools can use MPN for 2nd 1999-00 loans





Using the MPN: 2000-01

Two Borrower's Rights and Responsibilities:

- Current BR&R
 - Given to student with MPN
- Plain Language Disclosure
 - Replaces BR&R for multiple loans
 - Highlights information
 - Explains any loan program changes





Single year use of MPN

New MPN required if:

- Student changes schools
- School and student want two different loans for one AY
- New MPN not required if:
 - Change in loan period
 - Change in student's financial need
 - During an AY, loan period may include period of ineligibility
- Multi-year use: can either adjust or award new loan without new MPN



Improvements for 2000-2001

- Up to 20 disbursements per loan type
 - Disbursements accepted out of sequence --but 1st disbursement must be 1st
 - Disclosure mailed 10 days before 1st anticipated disbursement
 - "M" in MPN ID
 - "S" and "U" removed
 - New LO web site



Available in early April



Improvements for 2000-2001 PLUS

New Web PLUS credit request process

- Does not replace current process
- Only one credit check can be done at a time
- Institution will only receive an "Accepted" or "Denied" answer





Improvements for 2000-2001 PLUS

- School must document borrower's authorization for institution to perform credit check
 - Signed p-note

or

- Documentation of
 - Borrower's permission, and
 - Whether borrower plans to obtain endorser if credit is denied
 - There will be a PDF file located on the site that can be printed and signed by the borrower





Early plans for 2001-02

- Continued active involvement of schools and students
- Watch for focus groups beginning March 2000

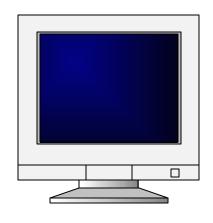
ED LISTENS -- TALK TO US!



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Resources & Guidance

- GEN-98-25
- GEN-99-08
- DLB-99-14, 15, 16
- DLB-99-19
- DLB-99-22
- DLB-99-32
- DLB-99-34
- DLB-99-46
- DLB-99-53
- DLB-99-57



- www.ifap.ed.gov
- www.ed.gov/DirectLoan





Questions

- If you have questions, please send them to:

 loan_origination@mail.eds.com
 - Use a subject line of "MPN Questions"
 - Answers will be returned within 3 business days
 - If an answer cannot be given within 3 business days, you will be notified
 - Please include your name, organization, and a phone number





Loan Origination Contacts

- E-Mail Address:
 - loan_origination@mail.eds.com
- School Relations at the LOC:
 - **1-800-848-0978**
- School Relations Fax:
 - **1-800-557-7396**
- School Relations at the Servicing Center:
 - -1-888-877-7658

